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FEDERAL COMMUNICATIONS COMMISSION  
OFFICE OF SECRETARY

Mr. William F. Caton, Acting Secretary  
Federal Communications Commission  
1919 M Street, NW. Room 222  
Washington, DC 20554

Re: Ex Parte - CC Docket No. 95-116, Telephone Number Portability

Dear Mr. Caton:

Today Harry Sugar and I met with Melinda Littel, Susan McMaster and Jeannie Su, all of the Common Carrier Bureau's Policy and Program Planning Division. The purpose of this meeting was to discuss local number portability cost information placed on the record by several incumbent local exchange carriers and AT&T's previously expressed views in this proceeding.

Two copies of this Notice are being submitted to the Secretary of the FCC in accordance with Section 1.1206(a)1.

Sincerely,

A handwritten signature in cursive script, appearing to read "F S Simone".

Attachment

cc: Melinda Littel  
Susan McMaster  
Jeannie Su

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## Conclusions on Costs

*There is no significant cost difference between LRN and QOR.*

- The ILECs and GTE vary widely on number portability costs.
  - There is a 4:1 ratio between the highest and lowest cost per line.
- They have omitted significant costs to make QOR appear cheaper.
  - The costs of ILEC switching and trunking to make QOR queries to the default terminating switch are not accounted for.
- They have overstated LRN costs.
  - The ILEC cost estimates improperly increase the number of queries for calls from other networks without including the appropriate offsetting revenue. At least one ILEC doubled this number.

CC Docket No. 95-116  
Telephone Number Portability

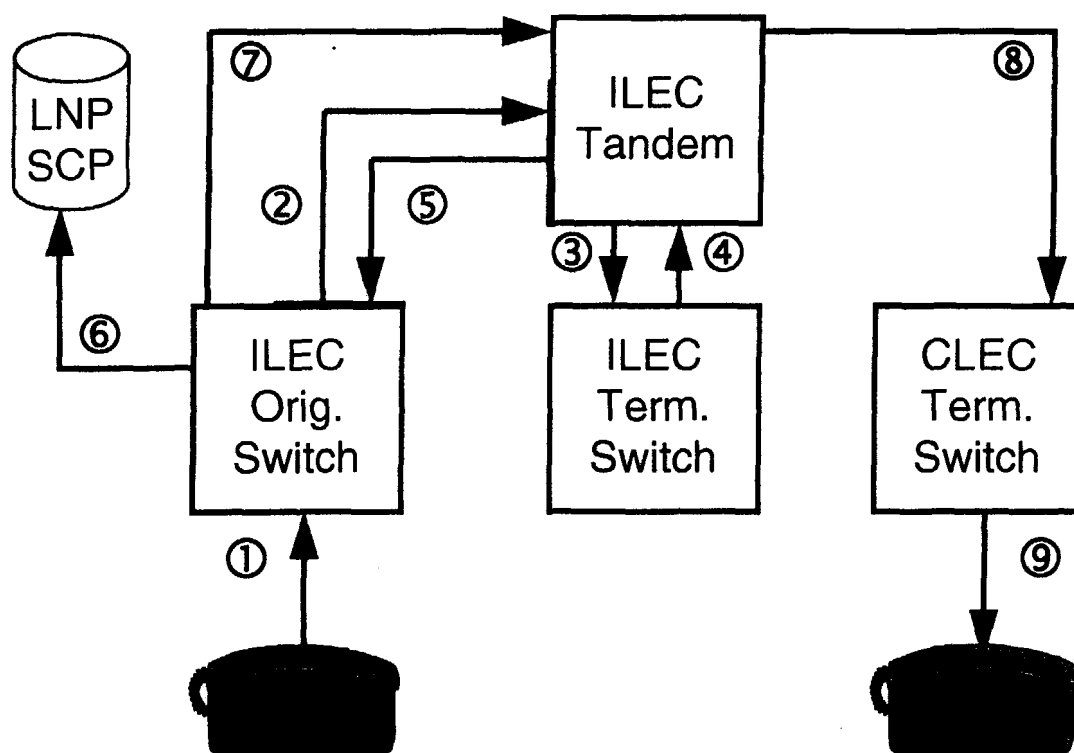
# Incumbent LEC Cost Analyses

*When compared to the number of access lines in each ILEC territory, certain ILEC cost estimates appear to be wildly overestimated.*

Local Exchange Company	Total Switched <sup>1</sup> Access Lines	Estimated Cost of LRN	Cost per Access Line	Cost per Line per Month (5 yrs.)
Ameritech	18,626,613			
Bell Atlantic	19,513,315	\$256,238,251	\$13.13	\$0.22
NYNEX	16,967,103	\$400,000,000	\$23.58	\$0.39
BellSouth	20,592,423			
SBC	13,882,984	\$372,380,000	\$26.82	\$0.45
US West	14,544,666	\$542,968,235	\$37.33	\$0.62
Pacific Telesis	15,785,680	\$1,000,000,000	\$63.35	\$1.06
GTE	15,845,145	\$833,947,000	\$52.63	\$0.88
Total	135,757,929			

<sup>1</sup> FCC Preliminary Statistics of Communications Common Carriers, Table 2.10, July, 1996.

### Unnecessary QOR Switching and Trunking Facilities



1. Call is dialed; originating switch analyzes digits and determines call is intraLATA interswitch. Orig. switch determines terminating switch and whether to route via tandem or direct.

## ILEC Trunking Network

2. Switch signals tandem (assumes tandem). Switch reserves idle trunk to tandem.
3. Tandem signals ILEC term. switch; determines number is not resident; creates release message. Tandem reserves idle trunk to ILEC term. switch.
4. ILEC term. switch signals tandem. ILEC term. switch takes down trunk to tandem.
5. Tandem signals originating switch. Tandem takes down trunk to orig. switch.
6. Originating switch creates query and signals LNP SCP. SCP returns LRN to originating switch.
7. Originating switch determines terminating switch and whether to route via tandem or direct; reserves idle trunk to tandem and signals tandem.
8. Tandem reserves idle trunk to CLEC terminating switch. Number is resident on CLEC term. switch.
9. Call path is established & phone rings.

## **Omitted QOR Costs are Significant**

- “It currently costs almost five times more to set up a call than to provide a minute of use.” The call set up cost is \$0.01621 per attempt.

*Pacific Bell Petition for Rulemaking to amend Section 69.106 of the Commission's Rules, June 30, 1994.*

- Call set up costs for unnecessary QOR queries to the wrong switch are  
1) significant and 2) have been omitted by the RBOCs.

- In 1995, there were 291B IntraLATA Interswitch Call Attempts.

*AT&T calculation based on 1995 ARMIS data.*

***At 20% porting, QOR will make 58.2B Unnecessary  
Call Attempts at a Cost of \$943M.***

## Incumbent LEC Cost Assumptions

*Many of the assumptions employed to calculate the cost of LNP are questionable and reflect ILEC attempts to raise the cost of LRN and lower the cost of QOR*

Traffic Data  
non-participating carriers: Where's the revenue offset?

By including traffic from non-participating carriers the ILECs DOUBLED the size of their signaling and database requirements for LRN. An increase in traffic causes all network engineering costs to increase (e.g., STP additions, link additions, etc.)

Blocking assumptions for engineering signaling links

PacTel engineered its signaling links at 0.3 erlangs; the standard is 0.4 erlangs. Less blocking, more cost.

Switch replacement / advancement costs

These are generic network upgrades; indirect costs.

Switch real time usage

NYNEX did not account for the QOR terminating switch in its disagreement with AT&T's calculation of the 5ESS crossover point at 12%. A switch will simultaneously be originating QOR look aheads (real time ratio = 1.7) and acting as the terminating switch (real time ratio = 0.4) on QOR look aheads to it. AT&T correctly included the total switch real time affects for both LRN and QOR.

QOR - cost of provisioning in intermediate and terminating switches

QOR requires additional provisioning in all intermediate and terminating switches including modifications to OSSs. These additional costs are not reflected in the cost studies.

QOR - software cost

Initially touted as being offered for free, these costs are now accounted for at either 1/2 or 1/3 the price of LRN. (GTE even shows QOR costs as negative!)

CC Docket No. 95-116  
Telephone Number Portability  
**Pacific Bell's Cost Study**

*Pacific Bell's Claim of QOR Cost Savings is Flawed.*

	<u>Pacific's Claim</u> <sup>1</sup>	<u>AT&amp;T Analysis</u> <sup>2</sup>
at 10% Porting	\$71M	\$1M
at 20% Porting	\$58M	-\$12M
at 30% Porting	\$45M	-\$13M

<sup>1</sup> Pacific Bell Ex Parte, June 5, 1996.

<sup>2</sup> Comments of AT&T Communications of California, Inc. and MCI Telecommunications Corp. on the Supplemental Local Number Portability Reports to the California Public Utilities Commission, June 14, 1996.

## **QOR Does Not Meet the Performance Criteria**

### **#4: Not Require Telecommunications Carriers to Rely on Databases, Other Network Facilities, or Services Provided by Other Telecommunications Carriers in order to Route Calls to the Proper Termination Point**

- The capability of performing database dips includes not only the launching of the query itself but also the determination that a query must be launched, i.e., the trigger mechanism. With QOR, whether or not to launch a query is determined by first routing a signaling message to the terminating switch while, at the same time, routing the call by reserving trunking and switching facilities for the voice path. If the number is ported, a signaling message is returned to the originating switch, while the reserved voice path is taken down. The triggering determination is provided by the terminating switch. Thus, QOR requires reliance on the incumbent's other network facilities.
- If the trunking and switching facilities are unavailable, i.e., blocking occurs, QOR simply defaults to LRN after it has already substantially increased the call setup time.



## **QOR Does Not Meet the Performance Criteria**

### **#6: Not Result in Any Degradation of Service Quality or Network Reliability when Customers Switch Carriers**

- QOR is discriminatory in that it treats ported and non-portable numbers differently. Preferential treatment is given to non-portable numbers.
- The RBOCs incorrectly compare the incremental post dial dial of LRN with that of QOR. The correct comparison is the difference between ported and non-portable numbers for LRN compared to the difference between ported and non-portable numbers for QOR. Since LRN treats ported and non-portable numbers the same, the difference is zero. Since QOR treats ported and non-portable numbers differently, the difference is greater than 1 second. Thus, the relevant difference is greater than 1 second. It is comprised of the setup time to create the return message at the terminating switch, signal the originating switch, take down the reserved call path, and perform the LRN query at the originating switch.
- When a customer switches from a carrier utilizing QOR to another carrier, the call setup time to reach that customer from the carrier utilizing QOR increases by more than one second.

## Analysis of RBOC Claims

### RBOC Claims

- QOR will be used only on intranetwork calls and won't affect CLEC.
- LRN requires queries on all calls to portable NXXs.
- QOR enhances network efficiency and reliability.
- PDD affects RBOC, not CLEC, customer.
- LRN uses "lookahead" on intraswitch calls.

### Response

- Intranetwork QOR still violates criteria #4 and #6 and is discriminatory.
- LRN requires LEC queries only on interoffice intraLATA calls, excluding operator, 800 and intraLATA toll calls presubscribed to other carriers.
- Properly engineered networks are efficient & reliable. LRN signal loads are easier to determine since all interoffice intraLATA calls require a query; QOR loads are more difficult to forecast since they're based on % ported. In state commission proceedings the industry has consistently rated LRN highest in network reliability.
- Quality of CLEC customer service includes nondiscriminatory treatment by other carriers.
- For intraswitch calls, the switch knows in a matter of microseconds if the number is on that switch for both ported and non-porting numbers and, if not, then a query is launched.

## Analysis of RBOC Claims

### RBOC Claims

- Why should it be objectionable to query a switch with QOR but not a database with LRN?
- The fact that QOR treats ported and non-portable numbers differently is a product of how telephone works - different carriers handle calls differently. There is no requirement for identity of call handling.
- The difference between LRN and QOR is only one-half second.

### Response

- The QOR "query" uses both the signaling and trunking network by reserving a needless call path to the ILEC terminating switch thereby relying on the ILEC's other facilities in violation of criteria #4.
- No, the fact that QOR treats ported and non-portable numbers differently is a product of QOR not how carriers handle calls. QOR treats ported numbers in a discriminatory manner in any carrier's network whereas LRN does not.
- This difference is irrelevant. The important difference is between ported and non-portable numbers. For QOR, the difference between ported and non-portable numbers is greater than one second. For LRN, the difference is zero.

## **Analysis of RBOC Claims**

### **RBOC Claims**

- The QOR increase in post dial delay is imperceivable.

### **Response**

- The QOR increase in post dial delay is discriminatory and violates criteria #6 which is based on the Act's definition of number portability which requires the ability to switch carriers "without impairment of quality, reliability, or convenience." It opens the door for further discriminatory treatment.

With PDD for intraLATA interswitch calls on the order of 2-3 seconds, one second PDD adds 33-50% to the PDD.

People aren't the only ones who will experience increased call setup time. A significant portion of traffic is machine to machine such as faxes and computers. Additional call setup time will cause additional lost connections and redials only for calls to CLEC customers.

## **Additional Concerns with QOR**

- QOR is based on the premise that each line number has a default assigned switch.
  - All call attempts to that line number are first routed to the default switch and then re-routed if the switch no longer serves that line. In the future, location portability and, perhaps more importantly, the use of pooled number assignment and administration will completely eliminate the concept of a default assigned switch. As a result, the percentage of ported numbers will increase significantly.
  - QOR's meeting of criteria #8, future expandability for location portability will further increase costs and decrease network efficiency.
- Eventual RBOC 271 relief will expand its use and discriminatory treatment of ported vs. non-port numbers.
  - QOR queries will be launched from one end of an RBOC region to the other, across states, causing further increases in post dial delay on calls to ported numbers.

## **Conclusion**

***The Commission has properly excluded the use of QOR  
and should deny the Petitions for Reconsideration.***

- QOR is discriminatory. It treats ported and non-portable numbers differently with preferential treatment to non-portable numbers.
- QOR violates the Commission's number portability performance criteria, specifically criteria #4 and #6.
- QOR's ability to meet criteria # 8, the future expandability to handle location portability, will increase costs and magnify its discriminatory treatment of ported numbers.
- When 271 relief is granted, QOR will cause further degradation of quality on calls to ported numbers.
- Once LRN SCP costs are properly determined, indirect costs are removed, and the costs for QOR queries and call path setup and reservation are accounted for, there is no substantive difference between QOR and LRN costs. The SCP cost saving with QOR is canceled out by the significant additional switching and trunking costs for querying the terminating switch and reserving the voice call path.